

**DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING
MEMORANDUM**

TO: Agency Chief Fiscal Officers

FROM: Paul S. Louthian, CPA
Administrator

SUBJECT: Processing of "Y" Invoices

DATE: July 6, 2004

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The processing of prior year obligations in the current fiscal year is dependent upon several factors that must be reviewed prior to the processing of the payments. It is incumbent upon you and your staff to properly ascertain that the obligation was properly incurred by your agency in FY2004. Generally this would mean that the goods or services were delivered prior to the close of business June 30, 2004. Also, payroll underpayments to an employee must be evaluated. In the event the underpayment occurred in or prior to payroll period 14, the amount must be certified with appropriation and funds when paid in FY2005.

Next, you must determine that your agency had appropriation and funds available to pay the expense as of close of business June 30, 2004. Appropriation availability should be determined at the fund center -commitment item level. Balances for sub-fund centers at the commitment item level may be summed for certification purposes to the fund center level. Available funds should be determined at the appropriate fund for disbursement or its high level fund for which you have authority to do "legal fund transfers". The high level fund will generally be the fund designated by three alpha characters with four trailing zeros, if a treasury fund, and three numeric characters with four trailing zeros, if a cash fund. Agencies that share a high level fund may only certify their portion of the total fund balance as of June 30, 2004.

If there were insufficient funds or appropriation available as of June 30, 2004, the invoice cannot be paid through normal processing channels. The invoice(s) in question must be presented to the Claims Commission for payment.

Exceptions to this rule are carry-forward appropriations, federal grants, construction appropriations, and utility bills, travel expenses and payroll period 14 payments where the beginning and ending dates cross the fiscal year end date of June 30, 2004. These may be properly paid in FY2005 without certification of funds or appropriation and without the "Y" payment reference.

NOTE: The following items change the certification process for “Y” vouchers from the process followed in prior years. Any items that were carried forward must not have any account assignment changes or decreases in amount to remain eligible for the “45 day rule”. The appropriation amount carried forward will be reduced by the items that are found to have been improperly changed, by the amount of the change in FY2005.

Items that meet the requirements of ACA 19-4-702 (a) that were in AASIS as of June 30, 2004 have been carried forward as both commitments, with either the goods receipt or invoice processed against them (see listing attached as “**45 day rule items**”). These items had reduced your “available” appropriation in FY2004 and therefore do not reduce the amount of appropriation available for certification. These items were also processed through a cash edit to ensure there were sufficient funds to pay these invoices. However, there is no manner to track this reduction within the system and therefore the amount of these items must be calculated as a reduction of funds available for certification of “Y” vouchers.

Items that were commitments of appropriations that are to be carried forward from FY2004 to FY2005 by law have also been transferred from FY2004 to FY2005 with their corresponding budget (see listing attached as “**Carry forward Commitments & Appropriations**”). Certification of appropriation will be necessary. These items were also processed through the cash edit to ensure there were sufficient funds to pay these invoices. However, there is no manner to track this reduction within the system and therefore the amount of these items must be calculated as a reduction of funds available for certification of “Y” vouchers.

Items that were commitments of appropriations that had no carry forward authority from FY2004 to FY2005 have also been transferred forward to FY2005. These have not been processed against either available appropriation or available funds. Both funds and appropriation must be certified prior to payment.

Invoices that can be certified to have had sufficient appropriation and funds available for payment shall be processed as a “Y” payment in FY2005 in the following manner.

- A certification letter must be presented to the Office of Accounting listing the invoice(s) to be paid in sufficient detail to allow for review in the system by our staff. The letter shall also designate the appropriate Business Area (agency), Fund (cash in Treasury or cash in bank), Fund Center (appropriation) and Commitment Item (character).
- An explanation of why the invoice(s) were not paid prior to June 30, 2004 must be provided.
- The invoice(s) may be summarized or grouped as necessary to reduce filings so long as sufficient detail is provided to verify each transaction.

- A preceding "Y" reference must be added to the vendors invoice number in the reference field prior to payment of the invoice(s).
- The final date for payment of "Y" payments will be June 30, 2005.

Obligations for payroll that can be certified to have had sufficient appropriation and funds available for payment will be processed through the normal payroll process in FY2005 upon receipt of the payroll request forms, previously supplied to your agency by the Office of Personnel Management, and a certification letter.

The Office of Accounting will review certification letters for vendor payables to assist your agency in detecting errors in the certification letter, **however you are the final authority on the legality of the payments to be processed.** No summary tracking of these expenditures against funds and appropriations balances will be made by the Office of Accounting. By submission of the certification letter your agency is stating that it has reviewed these expenditures, is tracking the cumulative amount of all "Y" invoices processed in FY2005 and have not exceeded the balances available as of June 30, 2004.

Copies of the certification letters will be retained by the Office of Accounting for review by the Division of Legislative Audit and other interested parties.